

## **SECTION I**

### **GENERAL PROVISIONS**

#### **.01 AUTHORITY**

- A. Section 4-306 of the State Finance & Procurement Article, Annotated Code of Maryland, requires the Secretary of the Department of General Services to formulate and prescribe standards for maintaining stores and inventory control for all materials, supplies and equipment required by using authorities of the State. Also, each using authority shall keep on file in the Office of the Secretary of General Services an inventory of all materials, supplies and equipment in its possession as shall be designated by the Secretary. Such inventory shall be submitted at least once annually and shall be subject to audit.
- B. The authority for disposing of excess or surplus personal State property is vested in the Secretary of the Department of General Services under §4-501 through 508 of the State Finance & Procurement Article. Rules and regulations for implementing this Article are approved by the Board of Public Works.
- C. In accordance with Executive Order No. 01.01.1987.19 of July 1, 1987, the Maryland State Agency for Surplus Property (MSASP) was transferred from the University of Maryland to the Department of General Services. Disposition of State surplus property as well as distribution of Federal surplus property is a function of MSASP as a result of the Executive Order.

#### **.02 POLICIES AND PURPOSES**

The principal policies and purposes of these procedures, among others, are to:

- A. Ensure the efficient use of capital invested in the State's inventory of materials, supplies, and food.
- B. Provide consistent guidelines for the management and protection of State property.
- C. Establish uniform procedures for reporting inventory values.
- D. Provide consistent guidelines for reporting missing and stolen State property.

- E. Dispose of excess and surplus personal State property in a manner serving the best interests of the State.

### **.03 GENERAL INFORMATION**

- A. Plans for the adoption of computerized inventory systems shall be approved by the Department of General Services. Requests for information or assistance regarding inventory systems, records, or the preparation of required reports as well as suggestions for improving this Manual should be directed to:

Department of General Services  
Inventory Standards and Support Services Division  
301 W. Preston Street, Room 1009  
Baltimore, Maryland 21201  
410-767-0587

- B. To insure compliance with these procedures, the Department of General Services will conduct unannounced spot audits of inventory procedures at State agencies.
- C. The Legislative Auditor of the Department of Legislative Services audits inventory records of each agency and furnishes the Secretary of General Services with information as to the adequacy and accuracy of records and reports. Pursuant to its responsibility for monitoring compliance with inventory control procedures, the Department of General Services will take follow-up action on any exceptions reported by the Auditor.
- D. Property records and reports shall be retained in accordance with the Record Retention Schedule on file at each agency.
- E. Some of the forms referred to in this manual are available on the Department of General Services Website at [www.dgs.state.md.us](http://www.dgs.state.md.us). The use of photocopies of these forms is acceptable. The remainder of the forms, particularly card stock forms, are available from Department of General Services's print shop. Section VI identifies each form and its availability source.
- F. Any agency which finds that it must deviate from these established procedures and policies must submit its own inventory control procedures to Inventory Standards and Support Services of the Department of General Services for approval prior to implementation.
- G. Additional information regarding inventory procedures and controls are contained in the Appendices.

## **.04 DEFINITIONS**

The following terms have the meaning indicated when used in these procedures:

**"Buildings"** are structures for housing humans, marine, plant or animal life, materials, supplies, equipment and mechanical apparatus.

**"Building Improvements"** are changes to a structure that upgrade the value of the building such as additions, enlargements, and architectural redesigns and improvements and the like. Roof replacements, exterior painting, architectural replacements or repairs and the like are considered as normal maintenance items to retain the value of the building.

**"Capital Equipment"** (Nonexpendable Item) means any equipment item or furnishing having a probable useful life in excess of one year **and** a procurement cost of **\*\* \$100 \*\*** or more per unit, such as, furniture, machinery, instruments and other apparatus. The term includes all motor vehicles regardless of cost and livestock if the procurement cost is **\*\* \$100 \*\*** or more. It also includes sensitive items having a procurement cost of **\*\* \$50 \*\*** or more **and** a useful life of one year or more. **Firearms and other law enforcement weapons regardless of cost are considered capital equipment.** All capital equipment must be recorded, inventoried, and reported as a fixed asset to the Department of General Services.

**"Custodial Agency"** is the State governmental unit financially accountable for property under its control.

**DGS Department of General Services, (ISSSD) Inventory Standards and Support Services Division, (MSASP) Maryland State Agency for Surplus Property, and "Procurement and Logistics", are divisions of the Department of General Services.**

**"Excess Property"** means personal State property that is no longer needed by the custodial agency. The term includes usable and unusable items that have been replaced or that have become obsolete. It also includes property that is in excess of current requirements of the custodial agency, or is damaged, inoperable or not economical for the custodial agency to repair and maintain.

**"Expendable Item"** See Non-capital equipment

**"Fixed Assets"** includes land, land improvements, buildings, building improvements and capital equipment. The term does not include materials, supplies, and non-capital equipment.

**"Infrastructure"** Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples: roads, bridges, tunnels, drainage systems, water & sewage systems, dams and lighting systems.

**"Inventory Standards and Support Services Division" (ISSSD).** See DGS.

**"Junk"** means property that has no economic, scrap, or functional value.

**"Land"** means any land which is titled to or designated in any manner confirming ownership by the State of Maryland.

**"Land Improvement"** includes any improvement such as electrical, plumbing and heating systems, traffic signal devices, signs, storage tanks above or below ground levels, filtration systems, drainage components, sidewalks, bridges, fences and grounds beautification, including all landscaping.

**"Livestock"** includes all beef and dairy cattle, horses, mules, swine, dogs used in law enforcement and other stock. Animals acquired for laboratory and experimental use are not included.

**"Materials and Supplies"** (Commodities) means any item that is consumed, expended or changed in form by use, such as food, office supplies, raw materials, building and maintenance supplies, repair parts, items purchased for resale, storeroom supplies and other similar items needed to support normal operations.

**"Missing Property"** means property that has been reported missing as the result of an audit or inventory reconciliation and is frequently associated with items in storage.

**"Motor Vehicles"** includes all automobiles, vans, light and heavy duty trucks, graders, tractors, motorcycles and other such equipment contrived for conveying passengers or objects. Marine vessels and aircraft are considered motor vehicles.

**"Maryland State Agency for Surplus Property (MSASP).** See DGS.

**"Non-Capital Equipment"** (Expendable Item) means miscellaneous equipment, furniture, desk top articles and the like having an acquisition cost less than **\*\* \$100 \*\***, sensitive items with an acquisition cost less than **\*\* \$50 \*\***, or items with a useful life of less than one year.

**"Non-expendable Item"** See Capital Equipment.

**"Personal Property"** as opposed to real property refers to capital equipment items, non-capital equipment items, and materials and supplies owned by the State of Maryland.

**"Procurement & Logistics"** See DGS.

**"Real Property"** refers to land, including the buildings or improvements on it and its natural assets, such as minerals, water, etc.

**"Scrap"** means property that is no longer useful and has no value other than the market value of its base material.

**"Scrap Pile"** means an accumulation of property, no longer recorded as inventory, that will be sold for the value of its base material.

**"Sensitive Items"** are capital or non-capital equipment items such as all computer equipment but not limited to laptops, notebook computers, palm pilots, recording devices, portable tools, hand radios, cameras and the like that are prone to theft and concealable in a handbag or briefcase. Equipment items that are too large for concealment such as typewriters, projectors, chain saws and the like, **shall be considered sensitive items if there is a history of loss or theft within a particular agency. Firearms and other law enforcement type weapons are always considered sensitive regardless of acquisition cost.**

**"Serviceable Item"** means an item is functional or operates satisfactorily "as is" without repairs or refurbishing. Obsolescence or age should not be factors in determining whether an item is functional or operates satisfactorily. Serviceable items can be obsolete or very old.

**"Stolen Property"** means the sudden or conspicuous disappearance of property. Whether or not there is evidence of theft or forced entry, an item shall be presumed stolen by its sudden or conspicuous disappearance.

**"Surplus Property"** means personal property that is in excess of the requirements of the State. Excess property becomes surplus when it is no longer needed by any State Agency.